

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY CONAKRY PRIORITY

C O N F I D E N T I A L STATE 083502

LIMDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, GV

SUBJECT: GUINEA BAUXITE SITUATION

1. IN A MEETING WITH ASST SECRETARY ENDERS MARCH 28, FRANK BRADLEY, PRESIDENT OF MARTIN MARIETTA ALUMINUM, SPEAKING ON BEHALF OF HIS COMPANY ALONE, REQUESTED USG MAKE REPRESENTATION TO THE GOG CONCERNING BAUXITE EXPORT TAX TO FACILITATE HALCO/GOG DISCUSSION OF THE SUBJECT. BRADLEY STATED THAT COMPANY'S REAL CONCERN IS THAT THE GOG ACTION WAS UNILATERAL AND IN BREACH OF CONTRACT. HE SAW THE EXPORT TAX AS THE FIRST IN A SERIES OF DEMANDS FOR GREATER REVENUES AND MANAGERIAL CONTROL. THUS IF HALCO AND INTERESTED GOVERNMENTS BOW TO GOG DEMANDS WITHOUT PROTEST, HE CONTENTED, THE GOG WILL FEEL FREE TO INTERPRET THE CONTRACT TO ALLOW WHATEVER ACTION IT CHOOSES TO TAKE OR TO IGNORE IT, AND THE CONTRACT WILL BECOME A MEANINGLESS DOCUMENT. FURTHERMORE, HE SAID, THE PRECEDENT COULD AFFECT THE VALUE

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OF CONTRACTS ELSEWHERE. HE INDICATED THAT, DESPITE THESE

CONSIDERATIONS, THE OTHER FIVE HALCO SHAREHOLDERS WERE WILLING TO PAY THE EXPORT TAX. MEMCON WAS POUCHED TO YOU.

2. BEFORE CONSULTING YOU, WE SOUGHT THE VIEWS OF ALCOA (JOSEPH YATES, VICE PRESIDENT-OPERATING, RAW MATERIALS) ON PROPOSAL OF LOW-KEY DEMARCHE IN CONAKRY. YATES INFORMED US THAT ALCOA CONSIDERS THE SITUATION TOO SENSITIVE AND FEARS THAT ANY APPROACH MIGHT BE MISINTERPRETED. WE AGREED,

THEREFORE, NOT TO GO FORWARD AND SO INFORMED MARTIN MARIETTA. WE WILL RECONSIDER, IN CONSULTATION WITH YOU, IF CIRCUMSTANCES WARRANT.

3. ACCORDING TO MARTIN MARIETTA, HALCO HAS RECEIVED A REPLY FROM MOUSSA DIAKITE TO THE REQUEST FOR AN APPOINT-

MENT WITH PRESIDENT TOURE, IN WHICH DIAKITE TOOK THE POSITION THAT THE GUINEAN EXPORT TAX LAW LEFT NOTHING TO DISCUSS. IN A SEPARATE LETTER, THE GOG HAS GIVEN HALCO UNTIL APRIL 24 TO PAY THE TAX BILL FOR 1974 PRESENTED EARLIER. HALCO SHAREHOLDERS MET THIS WEEK IN NEW YORK TO HAMMER OUT A COMPANY POSITION. ALTHOUGH WE HAVE NOT YET HEARD THE RESULTS, HALCO WAS TO DISCUSS SENDING A TEAM TO GUINEA EARLY IN THE WEEK OF APRIL 14. KISSINGER

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